

Opportunity for All: Advancing Economic Opportunity and Mobility

A Roadmap for Growth, Opportunity, and Fiscal Responsibility: The President's Budget provides a roadmap for accelerating economic growth, expanding opportunity for all Americans, and ensuring fiscal responsibility. It invests in infrastructure, job training, preschool, and pro-work tax cuts, while reducing deficits through health, tax, and immigration reform.

Builds on Bipartisan Progress: The Budget adheres to the 2015 spending levels agreed to in the Bipartisan Budget Act and shows the choices the President would make at those levels. But it also shows how to build on this progress to realize the nation's full potential with a fully paid for \$56 billion Opportunity, Growth, and Security Initiative, split evenly between defense and non-defense priorities.

WHAT THE PRESIDENT'S BUDGET DELIVERS:

- **Stronger Growth and Job Creation:**
 - Advanced manufacturing – Invests in American innovation and strengthens our manufacturing base, including a national network of 45 manufacturing institutes.
 - Research and innovation – Supports ground-breaking research to fight disease, protect the environment, and develop new technologies, and makes permanent the R&D Tax Credit.
 - Pro-growth infrastructure – Lays out an ambitious, four-year \$302 billion surface transportation reauthorization proposal paid for with transition revenue from pro-growth business tax reform.
 - Government reform – Promotes government management that delivers improved services that are more effective, efficient, and supportive of economic growth.
- **Opportunity for All:**
 - Tax cuts for working Americans – Doubles the maximum value of the childless worker EITC to build on the EITC's success in encouraging people to enter the workforce and reducing poverty; improves tax benefits that help middle-class and working families pay for child care and college and save for retirement.
 - Preschool for all – Invests in the President's vision of making access to high-quality preschool available to every four-year-old child.
 - Job-driven training – Invests in new efforts to drive greater performance and innovation in workforce training to equip workers with skills that match the needs of employers.
- **Fiscal Responsibility:**
 - Continues historic progress in slowing health care cost growth – Builds on the savings and reforms in the Affordable Care Act with additional measures to strengthen Medicare and Medicaid, slow health care cost growth, and improve the quality of care.
 - Pro-growth tax reform – Curbs inefficient and unfair tax breaks that benefit the wealthiest, and ensures that everyone is paying their fair share.
 - Immigration reform – Supports comprehensive reform of our broken immigration system, which independent economists say will grow our economy and shrink our deficits.
 - Further reduces the deficit and debt – By paying for new investments and tackling our true fiscal challenges, reduces deficits to 1.6 percent of GDP by 2024, and stabilizes debt as a share of the economy by 2015 and puts it on a declining path after that.

Our economy is moving forward and businesses are creating jobs, but to build real, lasting economic security we need to create more opportunities for all Americans to get ahead. The Budget includes a series of proposals to help ensure that if you work hard and play by the rules, you can find a good job, feel secure about your community, and support a family.

PROVIDING SECURITY FOR AMERICAN WORKERS AND RETIREES

Extending Unemployment Insurance for 1.7 Million Americans Looking for Work. As a starting point in achieving economic opportunity and mobility, the Budget proposes extending unemployment insurance for the 1.7 million Americans who have lost this vital economic lifeline. At more than 35 percent, the percentage of unemployed workers who are long-term unemployed is much higher than the last time emergency unemployment benefits expired. Economists have estimated that extending unemployment insurance would provide significant returns, leading to 240,000 more jobs.

Raising the Minimum Wage to \$10.10. Over the past 30 years, modest minimum wage increases have not kept pace with the higher costs of basic necessities for working families. No one who works full time should have to raise his or her family in poverty. The Administration supports raising the minimum wages so that hard-working Americans can earn wages that allow them to support their families and make ends meet. The President knows this is important for workers and good for business. That is why the President is calling on the Congress to raise the Federal minimum wage in stages to \$10.10 per hour and index it to inflation thereafter, while also raising the minimum wage for tipped workers for the first time in over 20 years. The President has already led by example by signing an Executive Order to raise the minimum wage to \$10.10 for individuals working under new and replacement Federal service, construction, and concession contracts.

Ensuring Workers Receive the Wages and Overtime They Earned. The Budget increases support for the Department of Labor (DOL)'s Wage and Hour Division to increase enforcement of the laws that ensure that workers receive appropriate wages and overtime pay, as well as the right to take job-protected leave for family and medical purposes. The Wage and Hour Division will be able to hire 300 new investigators across the country to help in this effort, and will use risk-based approaches to target the industries and employers most likely to break the law.

Encouraging State Paid Leave Initiatives. Too many American workers must make the painful choice between the care of their families and a paycheck they desperately need. While the Family and Medical Leave Act allows many workers to take job-protected unpaid time off, millions of families cannot afford to use unpaid leave. A handful of States have enacted policies to offer paid leave, but more States should have the chance to follow their example. The Budget supports a \$5 million State Paid Leave Fund to provide technical assistance and support to States that are considering paid leave programs. The Opportunity, Growth, and Security Initiative provides an additional \$100 million in support of this effort.

Improving Retirement Security. Workers must have a place to invest their hard-earned savings that provides an appropriate balance of risk and return. Many private sector providers do not offer retirement savings options tailored to smaller balance savers. Our retirement system should help these potential savers and encourage them to begin building their retirement security. The Budget builds on the recent Presidential Memorandum to create a new simple, safe and affordable "starter" retirement savings account (myRA) that will be available through employers and help millions of Americans save

for retirement. The Budget continues to propose automatic enrollment in IRAs (or “auto-IRAs”) for employees without access to a workplace savings plan.

Expanding the EITC for Childless Workers. Few things help families with children pull themselves up through hard work like the Earned Income Tax Credit (EITC). However, the maximum EITC available to childless workers (including non-custodial parents) is only \$500, and the credit is unavailable to workers under age 25, which means that it cannot shape work decisions during the crucial years at the beginning of a young person’s career. The Budget will double the maximum credit (to \$1,000), make the credit available to workers at slightly higher income levels (e.g. a full-time minimum wage worker at the current minimum wage), and lower the age limit from 25 to 21, as a way to support and reward work. The proposal will also update the childless worker EITC upper age limit for increases in the Social Security Normal Retirement Age (raising it from 64 to 66) The proposed EITC expansion will benefit 13.5 million workers. These changes will be paid for by closing high-income tax loopholes.

PROMOTING INNOVATIVE, JOB-DRIVEN APPROACHES TO TRAINING AND EMPLOYMENT SERVICES

As the economy changes, training and employment programs must continually innovate and improve to make the most of constrained resources and help American workers gain the skills to find good jobs and move up the career ladder. The Administration believes that government should be doing everything it can to make it easier for people who need help to find a job or build their skills for a better one, and for employers who need to find qualified workers.

Investing in Training and Employment Services. The Budget invests more than \$3 billion in formula grants to States and localities to provide training and employment services to more than 20 million Americans at 2,500 American Job Centers across the country. The Budget also invests in driving innovation and performance at the State and local level through the Workforce Innovation Fund and through revamped WIA Incentive Grants, to reward States that succeed in serving workers with the greatest barriers to employment. The Opportunity, Growth, and Security Initiative would add another \$750 million to restore prior cuts to formula grants; increase the investment in innovation, evidence-based practices, and performance in the workforce system; and provide additional funding for programs that serve populations with significant barriers to employment.

Creating New Pathways to Jobs and Careers. The Budget proposes to include in the Opportunity, Growth, and Security Initiative \$1.5 billion to fund the first year of a four-year Community College Job-Driven Training Fund, which will offer competitive grants to partnerships of community colleges, public and non-profit training entities, industry groups, and employers to launch new training programs and apprenticeships that will prepare participants for in-demand jobs and careers. \$500 million of each year’s funding will be set aside for grants to States and regional consortia to create new apprenticeships and increase participation in existing apprenticeship programs. This four-year investment would support doubling the number of apprenticeships in America over the next five years. The Budget also invests \$2.5 billion in mandatory funding for Summer Jobs Plus, which will fund summer and year-round job opportunities for 600,000 youth as well as innovation grants aimed at improving skills and career options for disadvantaged youth.

Helping the Long-Term Unemployed Transition Back to Work. As we work to strengthen and rebuild our economy from the worst economic downturn since the Great Depression, it is critical to provide a helping hand and a path back to work for those whose lives have been disrupted by unemployment. The Budget invests \$158 million in reemployment and eligibility assessments and reemployment services to speed the return to work of Unemployment Insurance (UI) beneficiaries. It also provides \$2 billion in mandatory funding to encourage States to adopt Bridge to Work programs, which would allow individuals to continue receiving their weekly UI check while participating in a short-term work placement, and support other strategies for getting UI claimants back to work more quickly. And, building upon the Department of Labor's Ready to Work grants, the Budget provides \$4 billion in mandatory funding to support partnerships between businesses and education and training providers to train approximately one million long-term unemployed workers for new jobs.

Supporting Work Opportunities for Low-Income Parents. The Budget proposes to redirect \$602 million in annual Temporary Assistance for Needy Families (TANF) funding to a Pathways to Jobs initiative, which will support State partnerships with employers to provide subsidized job opportunities for low-income individuals. This proved in recent years to be an effective strategy for getting disadvantaged adults back into the workforce, and the Budget proposes to build on that success.

PROVIDING ASSISTANCE TO VULNERABLE POPULATIONS AND INVESTING IN THE HARDEST-HIT COMMUNITIES

Helping Workers with Disabilities Remain in the Workforce. In addition to the Administration's continued commitment to Vocational Rehabilitation programs, the Budget provides new authority and \$400 million in new resources for the Social Security Administration, in partnership with other Federal agencies, to test innovative strategies to help people with disabilities remain in the workforce. Early-intervention measures, such as supportive employment services for individuals with mental impairments, targeted incentives for employers to help workers with disabilities remain on the job, and incentives and opportunities for States to better coordinate services, have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities, and the proposed demonstration authority will help build the evidence base for future program improvements. The proposed childless worker EITC expansion will also benefit over one million workers with disabilities, encouraging and supporting them in maintaining employment.

Supporting Affordable Rental Housing for 4.5 million Families. The Budget includes \$20 billion for the Housing Choice Voucher program (\$0.9 billion more than the 2014 enacted level) to help more than 2.2 million low-income families afford decent housing in neighborhoods of their choice. This funding level not only supports all existing vouchers, but restores reductions in assisted housing units that resulted from the 2013 sequestration funding cut and provides an additional 40,000 new vouchers including 10,000 for homeless veterans. The Budget also includes \$9.7 billion for the Project-Based Rental Assistance program to maintain affordable rental housing for 1.2 million families. Further, the Budget provides \$6.5 billion in operating and capital subsidies to preserve affordable public housing for 1.1 million families, an increase of \$0.3 billion over the 2014 enacted level. An additional \$10 million for the Rental Assistance Demonstration (RAD) will be targeted to public housing properties in high-poverty neighborhoods, including designated Promise Zones, where the Administration is also supporting comprehensive revitalization efforts. RAD leverages private financing to reduce backlogs of capital repairs and the Budget proposes to eliminate the cap on the number of units eligible for this demonstration.

Making Progress on the Federal Strategic Plan to Prevent and End Homelessness. The Budget provides \$2.4 billion for Homeless Assistance Grants, \$0.3 billion above the 2014 enacted level. This funding supports new permanent supportive housing units and maintains over 330,000 HUD-funded beds that assist the homeless nationwide. In addition, under the Housing Choice Voucher program, the Budget proposes \$75 million to expand assistance under the VA Supportive Housing (HUD-VASH) program to 10,000 homeless veterans. Supported by the collection of robust data and using best practices from across the country, this evidence-based investment will continue to make progress towards two of the President's homelessness goals – ending Veterans homelessness by 2015 and ending chronic homelessness by 2016. Between 2010 and 2013, homelessness among Veterans declined by 24 percent (reducing the total number of homeless veterans by almost 18,000), and the total number of individuals experiencing chronic homelessness on a single night declined by nearly 16 percent.

Partnering With Communities to Expand Opportunity. The Budget supports the Administration's Promise Zones initiative, which is creating partnerships between the Federal Government, local communities, and businesses to create jobs, increase economic security, expand educational opportunities, increase access to quality, affordable housing, and improve public safety. The President named the first five Promise Zones earlier this year and will create up to an additional 15 Promise Zones in the year ahead. In support of Promise Zones, the Budget requests \$120 million for the Department of Housing and Urban Development's Choice Neighborhoods program and \$100 million for the Department of Education's Promise Neighborhoods program. The Budget also includes Promise Zone tax incentives to stimulate growth and investments in targeted communities, such as tax credits for hiring workers and incentives for capital investment within the Zones.

ENSURING ACCESS TO QUALITY, AFFORDABLE HEALTH CARE

Efficiently and effectively implementing the ACA is one of the Administration's highest priorities. The Budget fully funds the ongoing implementation of the ACA, which is already providing coverage for millions of Americans that previously did not have access to affordable health care. The Budget continues to support implementation of the ACA's health insurance coverage improvements through the operation of Health Insurance Marketplaces and the delivery of premium tax credits and cost sharing assistance to help make coverage affordable, drive down long-term health care costs, and improve care for millions of citizens.

Implementing ACA and Making Additional Health Reforms. The Affordable Care Act (ACA) has taken historic and significant steps toward putting the nation back on a sustainable fiscal course while laying the foundation for a higher quality, more secure health care system. Through premium tax credit and cost sharing assistance to make coverage affordable and increased Federal support to States expanding Medicaid coverage for newly eligible low-income adults, ACA ensures that every American can access high-quality, affordable coverage, providing health insurance to millions of Americans who would otherwise be uninsured.

With the full implementation of ACA beginning this year, millions of people have enrolled in either private insurance through the Health Insurance Marketplace or for coverage through Medicaid and the Children's Health Insurance Program (CHIP). Additionally, more than 3 million young adults who already have gained coverage under the health care law by staying on their parents' plans until their 26th birthday.

While there is much more work to be done, we now live in an era where no family will be denied coverage because of a pre-existing condition like high blood pressure or asthma. No American will have to worry that losing a job means you can't get health coverage. And small businesses may be able to get financial help to pay for new affordable coverage options for their employees.

The challenges in our health care system were decades in the making and will not be solved overnight, but every day more Americans are signing up for insurance and getting the peace of mind of knowing that they can get the care they need without losing everything they have worked and saved for. And Americans across the country started this year with new health plans that give them the security of knowing that if they want to change jobs or start their own business, they will have access to affordable health insurance for their family.

FIXING OUR BROKEN IMMIGRATION SYSTEM

The President believes that we must fix our broken immigration system by continuing to strengthen our border security, cracking down on employers who hire undocumented workers, modernizing our legal immigration system, and providing a pathway to earned citizenship for hardworking men and women who pay a penalty and taxes, learn English, pass a background check, and go to the back of the line.

In addition to contributing to a safer and more just society, common sense immigration reform will also boost economic growth, reduce deficits, and strengthen Social Security. The Congressional Budget Office has estimated that the immigration bill that passed with bipartisan support in the Senate last year would reduce the deficit by about \$160 billion in the first decade and by about \$850 billion over 20 years. Meanwhile, the Social Security Actuaries have found that the Senate bill would reduce the Social Security shortfall by \$300 billion over the first 10 years and would close 8 percent of the 75-year Social Security shortfall. By adding younger workers to the labor force, reforming our broken legal immigration system will help balance an aging population and improve the economic and budget outlook as the baby boom generation retires.

The Administration supports the bipartisan Senate approach, and calls on the House of Representatives to act on comprehensive immigration reform this year.

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